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SUBJECT: (C) IRAQ: GOK WANTS TO REBUILD PEOPLE-TO-PEOPLE
TIES, ENCOURAGE PRIVATE SECTOR

REF: DAMASCUS 6461 (NOTAL)

Classified By: AMB. RICHARD H. JONES; REASON 1.5 (B,D)

1. (C) INTRODUCTION AND SUMMARY: Foreign Minister Sh. Dr. Mohammed al-Sabah told the Ambassador Kuwait wants to coordinate with Iraqis on its remaining half-billion dollar pledge, to ensure the money helps rebuild ties between the two peoples. He said the GOK is encouraging involvement by the private sector, which is eager and full of ideas. The Ambassador promised to use his upcoming TDY in Iraq to strengthen private sector contacts. Dr. Mohammed was very pleased with the outcome of the Damascus meeting of the 'regional group,' despite the Iraqi FM's decision to stay away. He assessed President Asad as sincere in wanting to support the IGC, whereas FM Shara had seemed "not displeased to see instability continue in Iraq." Kuwait is due to host the next meeting of the 'regional group' in about three months' time. Other topic septel. END INTRODUCTION AND SUMMARY.

2. (U) The Ambassador called on Foreign Minister Shaykh Dr. Mohammed Sabah al-Salem al-Sabah November 3, accompanied by Pol Chief (Notetaker). MFA Americas Dept. Director Amb. Khaled al-Babtain and his Deputy Ayham al-Omar sat in, along with Raed al-Rifa'i of the Minister's staff.

(C) IRAQ

3. (C) The Minister had just returned from the meeting in Damascus of the 'regional group' (Iraq's neighbors and Egypt). This was his first meeting with the Ambassador since before his trip to Poland, Bulgaria and Spain, where he represented Kuwait at the Madrid donors' conference on Iraq. Dr. Mohammed said Kuwait's pledge in Madrid (\$1.5 billion) referred to the same amount that Prime Minister Shaykh Sabah al-Ahmed had told President Bush the GOK had allocated to the liberation of Iraq. Approximately \$1 billion had already been spent, he explained. Regarding the remaining half-billion dollars, the GOK wanted to coordinate with the Iraqis in order to ensure that these funds helped rebuild the relationship between the two peoples. He stressed that as a result of the Iraqi occupation of Kuwait and the Saddam regime's oppression of its own people, "the nature of our involvement in Iraq is unique...The Iraqis are very supportive. We want to develop projects that link the economies and open Iraq to the GCC market," such as a railroad from Basra that would connect to other Arabian rail lines and ports all down the Gulf. "We cannot just do housing projects in Baghdad."

4. (C) The Ambassador noted approvingly that this strategy would create jobs far beyond those directly related to the construction projects themselves. He praised Dr. Mohammed's "dramatic gesture" in providing a special flight so that Kuwaiti private-sector representatives could get to Madrid in time for the parallel meeting October 23. Referring to his own upcoming TDY in Iraq, he promised to try to energize the Iraqi private sector and encourage ties between it and the Gulf states' private sectors. Recalling Deputy Secretary of Commerce Bodman's recent visit, he noted that USDOC would be doing more with the American and local private sectors throughout the region in support of reconstruction in Iraq. He promised to make sure CPA representatives participated in the Iraq trade show ("Rebuild Iraq 2004") to be held in Kuwait January 19-23.

5. (C) The Minister remarked that the Committee for Iraqi Reconstruction (of which he is a member), chaired by the Finance Minister, would meet November 8, bringing together leading private, public, and governmental figures. He said "there is no shortage of ideas; people are excited." They have two chief concerns about involvement in Iraq: lack of legal structure, and security. To help overcome the former, the GOK would offer political risk insurance for Kuwaitis investing in Iraq.

6. (C) Dr. Mohammed expressed condolences for the heavy loss of life in the November 2 shoot-down of a Chinook helicopter, and asked about a rumor he had heard that it was brought down by a U.S. Stinger shoulder-launched surface-to-air missile. The Ambassador replied that he had no reason to believe it

was a Stinger; Iraq was awash in SA-7's; hundreds had been found there. The Ambassador noted that in general, the security problems are concentrated in the area west and north of Baghdad, i.e. the heartland of the Sunni Arabs who have lost the most with the fall of Saddam. They need to feel they have a stake in the successful emergence of the new Iraq. Security and development will be mutually reinforcing, just as the absence of one hurts the other. The coalition is accelerating the recruitment and training of Iraqis for the various security forces, and increasing intelligence collection. These efforts are paying off: informants are coming forward daily, even in the most troubled areas.

(C) SYRIA AND IRAQ

17. (C) The Ambassador thanked Dr. Mohammed for his personal efforts to get Iraqi FM Zebari invited to the November 1-2 Damascus meeting of the 'regional group' (Iraq's neighbors plus Egypt -- see reftel). He noted that he had personally spoken with CPA Administrator Bremer, and that CPA officials had spoken with Zebari. In the end, the Ambassador said, Zebari felt the Syrians were treating him badly and decided not to honor Syria with his presence; nonetheless, the Iraqi appreciated the efforts of Kuwait, Egypt, Saudi Arabia and Jordan. Dr. Mohammed said this was his impression also. He was very pleased with the final communique, which he thought could not have been much stronger if Iraq had been present: it expressed strong support for the GC, condemned the terrorist attacks in Iraq and invited the Iraqis to work with neighboring states to address the security issue. Kuwait would host the next meeting in about three months' time and invite Iraq from the start.

18. (C) ASAD VS. SHARA: President Asad had come across as "moderate," stating that Syria has no interest in prolonging instability in Iraq, because such instability has a negative effect on Iraq's neighbors. Asad had claimed that arms were being smuggled into Syria from Iraq, not vice versa. The border needed to be secured, and the President supported Iraqis working with neighboring states -- if only because the Americans sometimes misidentified Syrian positions near the border and attacked them. He had asked his guests to help convince the US of his sincerity. According to Dr. Mohammed, Syrian FM Farouq al-Shara had taken the "diametrically opposite" position, coming across as "not displeased to see instability continue in Iraq," and portraying the IGC as lackeys who should be disposed of as quickly as possible. Dr. Mohammed added that the hotel where he had stayed had been full of Saddam regime sympathizers who loudly criticized Kuwait and demanded to present "an Iraqi view" in the meeting, "but we said 'no way!'"

19. (C) The Minister asked about Syrian and Iranian involvement in smuggling. The Ambassador had seen a report of a Yemeni recently caught with a Syrian passport, but did not know whether the passport was forged or genuine. He said the big concern was jihadists from all over the region infiltrating Iraq via Syria. A certain number of Ansar al-Islam elements had fled from Iraq to Iran and then returned, but this was quantitatively different from a steady flow of militants. He reminded Dr. Mohammed that Palestinian terrorist groups are known to have offices in Damascus, which could be facilitating travel of Palestinian terrorists. There were also some reports of Lebanese Hizballah involvement in Iraq.

110. (C) COMMENT: The GOK remains fully committed to supporting the emergence of the new Iraq. We agree that private-sector engagement is crucial to energizing the Iraqi economy and tying it into the regional economy; we will continue to encourage the rebuilding of strong ties between these once-close neighbors, at both the official and private levels. Septel will detail the Ambassador's meeting later the same day with one of the private-sector representatives who went to Madrid.

111. (U) Baghdad minimize considered.
JONES